

State of California

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Legislative Change No.

00-05

Bill Number: AB 2879

Author: Jackson

Chapter Number: 00-75

Laws Affecting Franchise Tax Board:

Revenue and Taxation Code Sections 17039 and 17052.2

Date Filed with the Secretary of the State: July 5, 2000

SUBJECT: Teacher Retention Tax Credit

Assembly Bill 2879 (Jackson), as enacted on July 5, 2000, made the following changes to California law:

Section 17039 of the Revenue and Taxation Code is amended.

This act adds the Teacher Retention Tax Credit to the list of credits that can reduce regular tax below tentative minimum tax. In addition, this act deletes the Land and Water Conservation Credit from this list of credits since no such credit was ever enacted.

Section 17052.2 is added to the Revenue and Taxation Code.

This act allows a credit for credentialed teachers based upon the years of service as a credentialed teacher. The credit amount varies as follows:

<u>Years of Service</u>	<u>Credit</u>
At least 4 but less than 6 years	\$250
At least 6 but less than 11 years	\$500
At least 11 but less than 20 years	\$1,000
20 or more years	\$1,500

The credit cannot exceed 50% of the amount of tax that would be imposed on the teacher's salary, excluding pensions or other deferred compensation, after application of the standard deduction or itemized deductions.

"Credentialed teacher" means a person who holds a preliminary or professional clear credential as determined by the Commission on Teacher Credentialing and who teaches at a "qualifying educational institution."

"Qualifying educational institution" means any public or private elementary, secondary, or vocational-technical school located in California, including any federal agency or instrumentality providing such education at any location within the state including an Indian reservation or military installation within the geographic borders of California.

Excess credit amounts may not be carried forward.

This act is effective on the date of enactment, July 5, 2000, and is operative for taxable years beginning on or after January 1, 2000.

This act will not require any reports by the department to the Legislature.

Bureau Director
Johnnie Lou Rosas

Date
July 7, 2000